

MAYNARD, COOPER, FRIERSON & GALE, P.C.

ATTORNEYS AT LAW

TWELFTH FLOOR WATTS BUILDING

BIRMINGHAM, ALABAMA 35203

(205) 252-2889

TELECOPIER (205) 252-2958 OR 251-1703

TELEX 38-3452

16624

RECORDATION NO. FILED 143

NOV 27 1989 -9 15 PM

November 20, 1989

INTERSTATE COMMERCE COMMISSION

GEORGE F MAYNARD
N LEE COOPER
MEADE FRIERSON III
FOURNIER J GALE III
DANIEL H MARKSTEIN III
DOUGLAS T ARENDALL
KIRBY SEVIER
GEORGE G LYNN
J HOBSON PRESLEY, JR
STEPHEN E BROWN
CATHY S WRIGHT
CURTIS O LILES III
H THOMAS WELLS, JR
KATHLEEN A COLLIER
JAMES L GOYER III
A INGE SELDEN III
LEE E BAINS, JR
TONY G MILLER
DEBORAH J LONG
FRANK D McPHILLIPS
MAIBETH J PORTER
WILLIAM S DODSON, JR
WALKER PERCY BADHAM III

DAVID M SMITH
JARRED O TAYLOR II
J MICHAEL SAVAGE
LAURA A WOODRUFF
JAMES L PRIESTER
JAMES M PROCTOR II
GREGORY H HAWLEY
LUTHER M DORR, JR
ALFRED F SMITH, JR
JOHN N BOLUS
VIRGINIA G CARRUTHERS
J KRIS LOWRY
MARK L DREW
RANDALL H MORROW
JAYNA J PARTAIN
KATHRYN PUGH
MARK STRENGTH
JOHN H BURTON, JR
CYNTHIA G LAMAR
JEFFREY M GRANTHAM
STEPHEN C JACKSON
JAMES M POOL

9--331A001

Secretary, Interstate Commerce Commission
Twelfth and Constitution Avenue N.W.
Room 2303
Washington, D.C. 20423
Attention: Ms. Mildred Lee

Dear Secretary:

I have enclosed an original and one counterpart of the document described below (the "Document"), to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The Document is a security agreement, and represents both a primary and a secondary document. The Document is dated November 21, 1989.

The other primary documents to which the Document is related are recorded under the following Recordation Nos.:

<u>Document</u>	<u>Recordation No.</u>
Trust Agreement	7689
Trust Agreement	8298
Trust Agreement	9762
Trust Agreement	10899
Trust Agreement	11481
Lease Agreement	7714-A
Lease Agreement	9050-A

The names and addresses of the parties to the Document are as follows:

62, [unclear] 17, 11

Secretary, Interstate Commerce Commission
November 20, 1989
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(i) Lender/Secured Party/Assignee:

AmSouth Bank N.A.
P. O. Box 11007
Birmingham, Alabama 35288

(ii) Borrower/Debtor/Assignor:

Schuler Industries, Inc.
3527 North 29th Street
Birmingham, Alabama 353207

Please file and record the Document referred to in this letter and cross-index it under the name of the Lender/Secured Party/Assignee and the Borrower/Debtor/Assignor.

A description of the property covered by the Security Agreement follows:

(i) Locomotives:

Five (5) 3,000 H.P. SD-40-2 Diesel Electric Locomotives manufactured by General Motors Corporation (Electro-Motive Division), Lessee's Road Numbers 3573 to 3577 (inclusive).

(ii) Railroad Rolling Stock:

Fifty (50) 70-ton 50'6" single sheath box cars manufactured by FMC Corporation; GMRC 700-749 (inclusive).

(iii) Trust Agreements:

- (a) Trust Agreement dated as of October 23, 1974, between THE ROYAL TRUST COMPANY, as Owner Trustee, and SCHULER INDUSTRIES, INC., as Owner Participant.

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- (b) Trust Agreement dated as of April 1, 1976, between BIRMINGHAM TRUST NATIONAL BANK, as Trustee, and SCHULER INDUSTRIES, INC., as Beneficiary.
 - (c) Trust Agreement dated as of May 31, 1978, between BIRMINGHAM TRUST NATIONAL BANK, as Owner Trustee, and SCHULER INDUSTRIES, INC. and BIRMINGHAM TRUST NATIONAL BANK, as Trustors.
 - (d) Trust Agreement dated as of September 1, 1979, between FIRST SECURITY BANK OF UTAH, N.A., as Trustee, and SCHULER INDUSTRIES, INC., as Owner.
 - (e) Trust Agreement dated as of February 1, 1980, between FIRST SECURITY STATE BANK, as Trustee, and SCHULER INDUSTRIES, INC., as Owner.
- (iv) Lease Agreements:
- (a) Lease of Railroad Equipment dated as of September 1, 1974, between LOUISVILLE AND NASHVILLE RAILROAD COMPANY, as Lessee, and SCHULER INDUSTRIES, INC., as Lessor.
 - (b) Equipment Lease Agreement dated as of November 1, 1977, between ITEL RAIL CORPORATION, successor in interest to ITEL CORPORATION, Rail Division, and SSI RAIL CORP., as Lessee, and SCHULER INDUSTRIES, INC., as Lessor.

There is also enclosed a check for \$15.00 payable to the Interstate Commerce Commission, representing the fee for recording the Document.

Please stamp all counterparts of the enclosed document with your official recording stamp. Please return the original and any extra copies not needed by the Commission

MAYNARD, COOPER, FRIERSON & GALE, P.C.

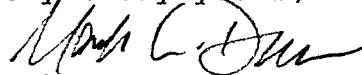
Secretary, Interstate Commerce Commission
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Page Four

for recordation to AmSouth Bank N.A., P. O. Box 11007,
Birmingham, Alabama 35288, Attention: Mr. Malcolm E.
McVay.

A short summary of the document to appear in the index
follows:

Security Agreement dated November 21, 1989, by Schuler
Industries, Inc., an Alabama corporation, in favor of
AmSouth Bank N.A., a national banking association.

Very truly yours,



Mark L. Drew, as Attorney for
AmSouth Bank N.A.

MLD/dc

Enclosure

cc: Mr. Malcolm E. McVay

Interstate Commerce Commission
Washington, D.C. 20423

12/1/89

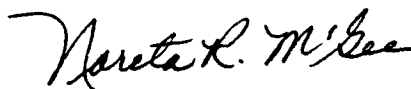
OFFICE OF THE SECRETARY

Mark L. Drew
Maynard Cooper, Frierson & Gale
Twelfth Floor Watts Building
Birmingham, Alabama 35203

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/27/89 at 9:15am and assigned recordation number(s). 16624

Sincerely yours,



Noreta R. McGee
Secretary

Enclosure(s)

NOV 27 1989 -9 15 PM

SECURITY AGREEMENT

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT (hereinafter, with all amendments thereto, being referred to as "this Agreement") is executed on November 21, 1989, by SCHULER INDUSTRIES, INC., an Alabama corporation (the "Borrower"), a mailing address of which is 3527 North 29th Street, Birmingham, Alabama, 35207, in favor of AMSOUTH BANK N.A., a national banking association (the "Lender"), a mailing address of which is P. O. Box 11007, Birmingham, Alabama 35288.

Recitals

A. The Borrower and the Lender have entered into a Loan Agreement of even date herewith (the "Loan Agreement") pursuant to which the Lender has agreed (i) to make a loan to the Borrower in the principal amount of \$27,930,000 (the "Term Loan"), as evidenced by a promissory note of even date herewith in the principal amount of \$27,930,000 executed and delivered by the Borrower to the Lender; and (ii) to extend to the Borrower a revolving line of credit (the "Line of Credit") not to exceed \$4,000,000 in principal amount at any one time outstanding, as evidenced by a demand promissory note of even date herewith in the principal amount of \$4,000,000 executed and delivered by the Borrower to the Lender.

B. As security for the Term Loan and the Line of Credit the Borrower is executing and delivering to the Lender contemporaneously herewith a Mortgage, Security Agreement and Assignment of Rents and Leases of even date herewith (the "Mortgage").

C. The Borrower is executing this Agreement as additional security for the Term Loan and the Line of Credit and in order to induce the Lender to enter into the Loan Agreement and to make the Term Loan to the Borrower and to extend the Line of Credit to the Borrower.

Agreement

NOW, THEREFORE, in consideration of the foregoing recitals, and to induce the Lender to enter into the Loan Agreement and to make the Term Loan and to extend the Line of Credit, and to secure the payment of the Obligations (as hereinafter defined), the Borrower hereby agrees with the Lender as follows:

1. Defined Terms and Rules of Construction.

(a) For purposes of this Agreement, except as otherwise expressly provided or under the context otherwise requires:

(i) Words of masculine, feminine or neuter gender shall mean and include the correlative words of other genders, and words importing the singular number shall mean and include the plural number, and vice versa.

(ii) All references herein to designated "Articles," "Sections" and other subdivisions or to lettered Exhibits are to the designated Articles, Sections and subdivisions hereof and the Exhibits annexed hereto unless expressly otherwise designated in context. All Article, Section, and other subdivision and Exhibit captions herein are used for reference only and in no way limit or describe the scope or intent of, or in any way affect, this Agreement.

(iii) The terms "include," "including" and similar terms shall be construed as if followed by the phrase "without being limited to."

(iv) The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section, other subdivision or Exhibit.

(v) No inference in favor of or against any party shall be drawn from the fact that such party or its counsel drafted any portion hereof.

(vi) All recitals set forth in, and all Exhibits to, this Agreement are hereby incorporated in this Agreement by reference.

(b) As used in this Agreement the following terms shall have the respective meanings assigned to them as follows:

Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings accorded thereto in the Loan Agreement.

"Accounts" shall mean and include all Accounts Receivable, Contract Rights, Chattel Paper, Instruments and Documents.

"Assigned Agreements" shall mean and include all leases, contracts and agreements included in the Property, or in connection with which Accounts now exist or may hereafter be created, including without limitation those described in Exhibit A hereto.

"Account Receivable" shall (a) mean a right to payment (i) for goods sold or leased, (ii) for services rendered by the Borrower, (iii) of rentals and other monies under any of the Assigned Agreements, and (iv) of any other proceeds of any of the Property described in this Agreement, (b) include all of the foregoing whether or not evidenced by an Instrument or Chattel Paper, and (c) include a right to payment that has been earned under a Contract Right.

"Chattel Paper" shall have the meaning accorded to that term under the UCC.

"Contract Right" shall mean any right to payment under a contract not yet earned by performance, whether or not evidenced by an Instrument or Chattel Paper.

"Deposit Accounts" shall mean and include all accounts with the Lender and other deposit accounts and lock boxes included in the Property or established for the benefit of the Lender pursuant to the terms of this Agreement or the Loan Agreement (including but not limited to the account established pursuant to Section 7.15 of the Loan Agreement).

"Documents" shall have the meaning accorded to that term under the UCC.

"General Intangibles" shall mean all general intangibles as defined in the UCC and all choses in action, causes of action and other intangible personal property of the Borrower of every kind and nature (other than Accounts) including, without limitation, rights under trust agreements (including but not limited to the trust agreements described in Exhibit A), corporate or other business records, inventions, designs, patents, patent applications, trademarks, trade names, trade secrets, good will, copyrights, registrations, licenses, franchises, tax refund claims, insurance policies (including but not

limited to the life insurance policies described in Exhibit B hereto) and all rights thereunder (including any refunds and returned premiums) and any security now or hereafter held by or granted to the Borrower to secure payment of any of the Accounts.

"Instruments" shall have the meaning accorded to that term under the UCC and shall include the ESOP Note and the Additional ESOP Note.

"Inventory" shall mean goods, merchandise and other personal property now or hereafter held by the Borrower for sale or lease or furnished or to be furnished under contracts of service or otherwise, raw materials, parts, finished goods, work-in-process and supplies and materials used or consumed, or to be used or consumed, in the Borrower's present or any future business, and all such property the sale, lease or other disposition of which has given rise to Accounts and which has been returned to or repossessed or stopped in transit by the Borrower.

"Leased Equipment" shall mean the items of equipment described as such in Exhibit D hereto.

"Lien" includes any mortgage, deed of trust, security deed, pledge, lien, security interest, hypothecation, claim, assignment, deposit arrangement, easement, restriction, charge or encumbrance, and any other security device or preferential arrangement of any nature whatsoever (including, without limitation, any lease, title retention agreement or financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement under the UCC or comparable law of any jurisdiction).

"Obligations" shall have the meaning accorded to that term in Section 2.

"Obligor" shall include any buyer or lessee of Inventory or equipment from the Borrower, any customer for whom services have been rendered or materials furnished by the Borrower and any other Person that is now or may become obligated to the Borrower on an Account.

"Permitted Encumbrances" shall mean the matters, if any, set forth on Exhibit C attached hereto and made a part hereof.

"Property" shall have the meaning accorded to that term in Section 3.

"Tangible Property" shall have the meaning accorded to that term in Section 7.

"UCC" shall mean the Uniform Commercial Code of Alabama, as the same may be amended from time to time.

2. Obligations Secured. This Agreement is given to secure and shall secure the prompt payment of the following (hereinafter sometimes collectively referred to as the "Obligations"):

(a) the Liabilities (provided, however, that the ESOP Note and the Borrower's rights, title and interest in and to the Pledged Stock and in and under the ESOP Loan Agreement shall secure only the Term Loan Liabilities);

(b) all sums becoming due and payable by the Borrower under the terms of this Agreement, including but not limited to sums advanced by the Lender pursuant to the terms and conditions of this Agreement; and

(c) the compliance by the Borrower with and performance by the Borrower of each and every obligation, covenant, duty, condition and agreement in this Agreement and the other Loan Documents imposed on or agreed to by the Borrower.

3. Property. As security for the Obligations, the Borrower does hereby transfer, sell, assign and convey to the Lender, and grant to the Lender a security interest in, all of its right, title and interest in, to and under the following property, whether real, personal or mixed, whether now owned or hereafter acquired by the Borrower, and wherever located (hereinafter collectively called the "Property"):

(a) All machinery, equipment, furniture, furnishings, Inventory, materials, vehicles, aircraft, railroad rolling stock, supplies, tools, fixtures, goods and other tangible personal

property of the Borrower (including the Leased Equipment and the other equipment described in Exhibit D hereto);

(b) all existing and future leases and use agreements of personal property entered into by the Borrower as lessor with other Persons as lessees, including without limitation the right to receive and collect all rentals and other monies, including security deposits, at any time payable under such leases and agreements (including the leases of equipment described as such in Exhibit A);

(c) any existing and future leases and use agreements of personal property entered into by the Borrower as lessee with other Persons as lessor, including without limitation the leasehold interest of the Borrower in such property, and all options to purchase such property or to extend any such lease or agreement;

(d) any and all accessions and additions now or hereafter made or added to any of the property described in subparagraphs (a) through (c) above, any substitutions and replacements therefor, and all attachments and improvements now or hereafter placed upon or used in connection therewith, or any part thereof; and

(e) all Accounts of the Borrower, including the ESOP Note and all collateral therefor (including the Pledged Stock);

(f) all General Intangibles of the Borrower;

(g) all moneys of the Borrower and all Deposit Accounts in which such moneys may at any time be held and all investments or securities in which such moneys may at any time be invested and all certificates, instruments and documents from time to time representing or evidencing any such moneys;

(h) all standing timber and trees, and all cutting rights with regard thereto;

(i) all farm products, as defined in the UCC;

(j) all interest, dividends, proceeds, products, rents, royalties, issues and profits of any of the property described in subparagraphs

(a) through (i) above and all notes, certificates of deposit, checks and other instruments from time to time delivered to or otherwise possessed by the Lender for or on behalf of the Borrower in substitution for or in addition to any or all of said property; and

(k) all books, documents and records (whether on computer or otherwise) related to any of the items described in subparagraphs (a) through (j) above.

No submission by the Borrower to the Lender of a schedule or other particular identification of Property shall be necessary to vest in the Lender security title to and a security interest in each and every item of Property of the Borrower now existing or hereafter created and acquired, but rather such title and security interest shall vest in the Lender immediately upon the creation or acquisition of any item of Property hereafter created or acquired, without the necessity for any other or further action by the Borrower or by the Lender.

4. General Representations and Warranties. The Borrower represents and warrants as follows:

(a) The Borrower is the lawful and absolute owner of the Property and has a good right to transfer, sell, assign, convey, and grant a security interest in the same under this Agreement; the Property is free and clear of all Liens other than ad valorem taxes, the security interest of the Lender under this Agreement and Permitted Encumbrances; and the Borrower does hereby warrant and will forever defend the title to the Property unto the Lender, its successors and assigns, against the claims of all persons whomsoever, whether lawful or unlawful.

(b) No financing statement covering any of the Property is on file at any public office except such as evidence only Permitted Encumbrances.

(c) The Borrower's chief place of business, chief executive office and office where the Borrower keeps its records concerning Accounts is located at the address set forth following the Borrower's name on the first page of this Agreement.

5. General Covenants and Agreements. The Borrower covenants and agrees with the Lender as follows:

(a) The Tangible Property (excluding railroad rolling stock) shall be kept (or in the case of a vehicle or aircraft, principally garaged or based) at the locations set forth on Exhibit E attached hereto and made a part hereof, and said locations, the locations of the Borrower's principal place of business and chief executive office and the location at which the Borrower's records concerning Accounts are kept shall not be changed without the prior written consent of the Lender.

(b) The Borrower shall immediately advise the Lender in writing of any change in the location of its principal place of business, the location of its chief executive office, the place where records of its Accounts are kept, or the places where its Tangible Property is kept.

(c) The Borrower is and shall remain the owner of all real estate on which any of the locations described in subparagraphs (a) and (b) next above are located; or if not, the Borrower shall promptly obtain from each owner of said real estate a written waiver or subordination (in form and substance satisfactory to the Lender) of any landlord's Lien or other Lien said owner might have with respect to the Property.

(d) The Borrower will not allow any of the Property that is not a fixture to become attached to any real estate (other than the real estate covered by the Mortgage) in such manner as to become a fixture or a part thereof without the written consent of the Lender. However, if at any time any of the Tangible Property should be affixed to any such other real estate, the security interest of the Lender under this Agreement shall nevertheless attach to and include said Tangible Property. The Borrower shall promptly furnish to the Lender a description of such real estate and the names of the record owners thereof, execute such additional financing statements and other documents as the Lender may require, obtain from the owners of such real estate and the holders of any Liens thereon such subordination agreements and other documents as the Lender may request,

and take such other actions as the Lender may deem necessary or desirable in order to preserve and perfect the Lender's security interest therein as a first priority perfected security interest subject only to Permitted Encumbrances.

(e) The Borrower will not, without the prior consent of the Lender, pledge or grant any security interest in any of the Property to any Person other than the Lender, or permit any Lien to attach to any of the Property or any levy to be made thereon or any financing statement (other than those of the Lender) to be on file with respect thereto, except such as evidence only Permitted Encumbrances.

(f) At the request of the Lender, the Borrower will join with the Lender in executing one or more financing statements pursuant to the UCC in form satisfactory to the Lender covering the Property and will pay the costs of filing the same in all public offices wherever filing is deemed necessary or prudent by the Lender. In the event that the Borrower fails or refuses to execute any such financing statement, the Lender may file an executed copy or photocopy of an executed copy of this Agreement as a financing statement in any such offices, to the extent permitted by applicable law.

(g) The Lender may correct any and all patent errors in this Agreement or in any financing statements or other documents executed in connection herewith.

(h) The Borrower shall inform the Lender in writing of any material adverse change in any of the representations and warranties of the Borrower under this Agreement, promptly after the Borrower shall learn of such change.

(i) The Borrower shall furnish to the Lender from time to time statements and schedules further identifying and describing the Property and such other reports in connection with the Property as the Lender may reasonably request, all in reasonable detail.

(j) The Borrower will keep and maintain at its own cost and expense satisfactory and complete records of the Property, including a

record of all payments received and all credits granted with respect to the Property and all other dealings with the Property. For the further security of the Lender, the Borrower agrees that the Lender shall have a special property interest in all of the Borrower's books and records pertaining to the Property. Upon request of the Lender such books and records will be segregated and marked by the Borrower with the Lender's name in a manner satisfactory to the Lender. After the occurrence of an Event of Default the Borrower shall deliver and turn over to the Lender any such books and records at any time on demand of the Lender.

(k) The Borrower shall promptly deliver to the Lender the certificates of title for any motor vehicles now or hereafter included in the Property that are subject to the Alabama Uniform Certificate of Title and Antitheft Act or the title laws of any other jurisdiction and shall join with the Lender in executing any applications and other documents and taking any other actions necessary or desirable in the Lender's opinion to perfect its security interest under this Agreement in such vehicles. The Lender may retain possession of such certificates of title until this Agreement is terminated as set forth in Section 29.

6. Taxes and Assessments. The Borrower shall pay all taxes, rents, assessments and charges levied against any of the Property, or any part thereof, and all other claims that are or may become Liens against the Property, or any part thereof, in accordance with Section 7.03(c) of the Loan Agreement.

7. Insurance. The Borrower shall keep all machinery, equipment, goods, furniture, furnishings, fixtures, supplies, tools, materials, vehicles, aircraft, railroad rolling stock, Inventory and other tangible personal property that are at any time part of the Property (herein property of the foregoing types being sometimes collectively called the "Tangible Property") insured against loss by fire, theft and, in the case of any vehicle, collision, in such manner, in such amounts and with such companies as are satisfactory to the Lender, the loss payable clause of which policies shall be in favor of the Lender, as its interests may appear; provided, that certain of the equipment now owned by the Borrower and leased to others is "self-insured" by the

lessees thereof, and such existing self-insurance arrangements may be permitted to continue. As further security for the Obligations, the Borrower hereby assigns and pledges to the Lender, for its benefit, each and every policy of insurance covering the Property, or any part thereof, including all proceeds and returned premiums. The Borrower agrees that all insurance policies required by this Agreement or by other documents executed in connection herewith (or copies thereof in the case of policies the originals of which are held by Persons holding prior Liens on the insured equipment) shall be delivered to the Lender (within 30 days after the date hereof in the case of policies covering existing leased equipment) and held by the Lender and shall provide for at least 30 days' written notice to the Lender prior to cancellation. If the Borrower fails to keep the Tangible Property, or any portion thereof, insured as above specified, then (without waiving the resulting Event of Default) the Lender may, at its option, immediately insure the Tangible Property, or any portion thereof for its own benefit. The loss, injury or destruction of the Property, or any part thereof, shall not abate, satisfy or release any of the Obligations; and the proceeds of such insurance, if collected, less the cost of collecting the same, shall be credited on the Obligations secured hereby in such order as the Lender shall elect, or, at the election of the Lender, may be used in repairing or replacing the Tangible Property, subject to the rights to such proceeds of the holders of prior Liens on the insured property; provided, that, so long as no Event of Default has occurred and is continuing, insurance proceeds with respect to any loss of less than \$25,000 shall be made available to the Borrower to be used in repairing or replacing the insured property.

8. Advances by Lender for Insurance, Taxes, etc. All amounts expended by the Lender for insurance, taxes or to satisfy in whole or in part any prior Lien on the Property, or any part thereof, shall become a debt due and payable at once, without demand upon or notice to any Person, of the Borrower to the Lender, additional to the Obligations hereby specially secured, and shall be secured hereby, and such amounts shall bear interest until paid at (a) the higher of the LIBOR-Based Rate then in effect or the rate then applicable to the Line of Credit or (b) the highest rate permitted by law, whichever of (a) or (b) shall be less.

9. Care of Tangible Property; Notice of Loss, etc.. The Borrower shall: (a) take good care of the Tangible Property; (b) not commit or permit any waste

thereon; (c) keep the same in good repair; (d) at all times maintain the same in as good condition as it is now in, reasonable wear and tear and insured casualty loss excepted; (e) except as disclosed in Schedule 4.07 to the Loan Agreement, not use, or permit the Tangible Property to be used, in violation of any statute, law or ordinance; and (f) notify the Lender immediately in writing of any event causing material loss or depreciation in value of any of the Property exceeding \$10,000 in amount and of the amount of such loss or depreciation (other than depreciation in the Tangible Property resulting from ordinary wear and tear).

10. Records. The Borrower will at all times keep accurate and complete records of the Property, and the Lender or its agents shall have the right to call at the Borrower's places of business (or any other place where any of the Property is located subject to the rights of parties owning or in possession of such locations) to inspect and examine the Property and to inspect, audit, check and make abstracts from the books, records, journals, orders, receipts, correspondence and other data relating to the Property or to any other transactions between the Borrower and the Lender.

11. Filing Fees and Taxes. The Borrower agrees, to the extent it may lawfully do so, to pay all recording and filing fees, revenue stamps, intangibles or other taxes or other expenses and charges payable in connection with the execution and delivery to the Lender of this Agreement, or on the recording, filing, satisfaction, continuation or release of any financing statements or other instruments filed or recorded in connection herewith, subject to Section 10.04 of the Loan Agreement.

12. Use of Tangible Property. The Borrower agrees (a) to perform or comply with the terms of any lease covering the premises where the Tangible Property is located and all orders, ordinances or laws of any Governmental Authority concerning such premises or the conduct of business therein; (b) not to conceal or abandon the Tangible Property; and (c) not to lease or hire any of the Tangible Property to any Person or permit the same to be leased or used for hire, otherwise than pursuant to any Permitted Encumbrances or any future equipment leases that the Lender, in its sole discretion may approve in advance.

13. Collection of Accounts. The Borrower covenants and agrees that until the occurrence of an Event of Default and the election by the Lender to exercise its remedies under Section 19 below, the Borrower will, at its sole expense, collect from the Obligor on each Account all

amounts due thereon as and when the same shall become due; and in the event of any default by any Obligor justifying such action, the Borrower shall have the authority, at its sole expense, to repossess any goods covered by any such Account in accordance with the terms thereof and any applicable law and to take such other action with respect to any such Account or the goods covered thereby as the Borrower, in the absence of instructions from the Lender, may deem advisable. No court action or other legal proceedings for garnishment, attachment, repossession of property, detinue or any attempt to repossess any goods covered by any Account otherwise than through legal proceedings, shall be done or attempted to be done by the Borrower except by or under the direction of competent legal counsel. The Borrower agrees to indemnify and hold the Lender harmless from any loss or liability of any kind or character which may be asserted or sought to be asserted against the Lender by virtue of any suit filed, process issued or any repossession or attempted repossession done or attempted by the Borrower or at the Borrower's direction or any endeavors that the Borrower may make to collect or enforce any Accounts or repossess any goods covered by any Account.

14. Deposit Accounts. The Borrower agrees to maintain the Deposit Accounts on deposit with the Lender. As security for the Obligations, the Borrower hereby transfers to the Lender the exclusive dominion and control of the Deposit Accounts and pledges and assigns to the Lender, and grants to the Lender a Lien on and security interest in, the Deposit Accounts, all funds from time to time on deposit therein and all certificates, instruments, and documents, if any, from time to time representing or evidencing any such funds. All proceeds in the Deposit Accounts shall continue to be collateral security for all of the Obligations and shall not constitute payment thereof until applied as hereinafter provided. In no event shall any checks, drafts or other instruments that are deposited into any Deposit Account or otherwise received by the Lender pursuant hereto constitute final payment unless and until such instruments have been collected.

15. Assigned Agreements. Subject to the provisions of Section 34 below, the Borrower shall diligently perform all of its obligations under each and every Assigned Agreement, strictly in accordance with the terms thereof and will not commit or permit any breach on the part of the Borrower in connection therewith. The Borrower shall not (a) cancel or terminate any Assigned Agreement or consent to or accept any cancellation or termination thereof; (b) amend or otherwise modify any

Assigned Agreement or give any consent, waiver or approval thereunder; (c) waive any default or breach of any Assigned Agreement; (d) consent to any assignment of any other party's rights thereunder or to any subletting by the lessee under any lease; (e) collect or accept payment of rent or other charges under any lease in advance of the times provided for in the lease; or (f) take any other action in connection with any Assigned Agreement that would impair the value of the interests or rights of the Borrower thereunder or that would impair the interests or rights of the Lender under this Agreement and the other Loan Documents. Subject to the provisions of Section 34 below, the Borrower will either (i) deliver to the Lender all executed original copies of the Assigned Agreements now or hereafter in the possession of, or held for the account of the Borrower or (ii) mark conspicuously on every such copy the following legend:

NOTICE

This [Lease] [Agreement] and the rights of Schuler Industries, Inc. to receive [rents and all other] [all] payments hereunder have been assigned to AmSouth Bank N.A. as Collateral Security under Security Agreement dated November __, 1989.

16. Underlying Documentation. The Borrower will, upon the request therefor by the Lender, promptly deliver possession to the Lender of any or all of the Instruments, Documents and Chattel Paper that constitute a part of the Property. At the request of the Lender the Borrower shall deliver to the Lender all original and other documents evidencing, and relating to, the sale and delivery of Inventory or the performance of any labor or service relating to the creation of the Accounts, including, but not limited to, all Chattel Paper, orders, invoices, Documents, delivery receipts and credit memoranda. The Borrower shall notify the Lender promptly in writing of any matters materially adversely affecting the value, enforceability or collectibility of any Account including without limitation material customer disputes, offsets, defenses, counterclaims, returns and rejections and all reclaimed or repossessed merchandise or goods.

17. Defeasance. If the Borrower shall:
(a) have paid and performed in full all of the Obligations, including but not limited (i) the Liabilities and any and every extension and renewal thereof; and
(ii) all sums becoming due and payable by the Borrower under the terms of this Agreement, including but not limited to sums advanced by the Lender pursuant to the

terms and conditions of this Agreement; and (b) have kept and performed each and every obligation, covenant, duty, condition and agreement herein imposed on or agreed to by the Borrower; then this Security Agreement and conveyance shall become null and void; otherwise, this Agreement shall remain in full force and effect.

18. Repossession of the Property; Care and Custody of the Property; etc. The Borrower hereby expressly and irrevocably consents to, and to the extent that the Borrower may lawfully do so, invites the Lender and its agents to come upon any premises on which the Property, or any part thereof, is now or hereafter located for any and all purposes related to the Property including without limitation repossession of the Property, of any part thereof. To the extent that the Borrower may lawfully do so, the Borrower further covenants and warrants that (a) any entry by the Lender and its agents upon such premises for the purpose of repossessing the Property, or any part thereof, shall not be a trespass upon such premises, and (b) any such repossession shall not constitute conversion of the Property or any part thereof. The Borrower further agrees to indemnify and hold the Lender harmless against, and hereby release the Lender from any actions, costs, liabilities or expenses arising directly, indirectly or remotely from any attempt to enter such premises and repossess the Property, or any part thereof. The Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Property in its possession if it takes such reasonable actions for that purpose as the Borrower shall request in writing, but the Lender shall have sole power to determine whether such actions are reasonable. Any omission to do any act not requested by the Borrower shall not be deemed a failure to exercise reasonable care. The Borrower shall at all times be responsible for the preservation of the Property and shall be liable for any failure to realize upon, or to exercise any right or power with respect to, the Property, or for any delay in so doing, whether or not the Property is in the Borrower's possession.

19. Remedies Regarding Accounts. Upon the occurrence of an Event of Default or at any time thereafter during the continuance thereof:

(a) The Lender shall have the right (i) to collect all Accounts in the Lender's or the Borrower's name and take control of any cash or non-cash proceeds of Property; (ii) to enforce payment of any Accounts; (iii) to prosecute any

action or proceeding with respect to Accounts; (iv) to extend the time of payment of any and all Accounts; (v) to make allowances and adjustments with respect thereto and to issue credits in the name of the Lender or the Borrower; (vi) to settle, compromise, extend, renew or release, in whole or in part, any Account or deal with the same as the Lender may deem advisable; and (vii) to require the Borrower to open all mail only in the presence of a representative of the Lender, who may take therefrom any remittance on Property.

(b) Upon demand by the Lender, all checks and other forms of remittance received by the Borrower as proceeds of Property shall be (i) held in trust for the Lender separate and apart from and not commingled with any other property of the Borrower, (ii) kept capable of identification as the property of the Lender, and (iii) delivered not less often than daily (or at such other intervals as may be mutually agreed upon in writing) to the Lender in the identical form received, with appropriate endorsements, and accompanied by a report prepared by the Borrower in such form as the Lender shall require. All payments received by the Borrower under or in connection with any Assigned Agreement or Account or otherwise with respect to the Property shall be received in trust for the benefit of the Lender, shall be segregated from other funds of the Borrower, and shall promptly be paid over to the Lender in the same form as so received (with any necessary endorsement). Promptly upon the Lender's request, the Borrower shall do any or all of the following: (A) give written notice of the Lender's security interest in the Accounts to the Obligors in such form and at such times as the Lender may require; (B) open and maintain at the Borrower's expense a lock box with the Lender for the receipt of all remittances with respect to Property and execute an agreement with the Lender in form and substance satisfactory to the Lender governing such lock box; and (C) notify the Obligors to make payments on the Accounts directly to the Lender or to said lock box.

20. Attorney-in-Fact After Default. The Borrower hereby constitutes and appoints the Lender, or any other Person whom the Lender may designate, as the attorney-in-fact of the Borrower, at the Borrower's sole

cost and expense, to exercise at any time without notice to the Borrower after the occurrence of an Event of Default and during the continuance thereof, all or any of the following powers, all of which powers, being coupled with an interest, shall be irrevocable until the Lender's security interest shall have been terminated in writing as set forth in Section 29 of this Agreement:

(a) to receive, take, endorse, assign and deliver in the Lender's name or in the name of the Borrower any and all checks, notes, drafts and other instruments relating to Accounts;

(b) to receive, open and dispose of all mail addressed to the Borrower and to notify postal authorities to change the address for the delivery thereof to such address as the Lender may designate;

(c) to transmit to Obligors notice of the Lender's interest in the Accounts and to demand and receive from such Obligors at any time, in the name of the Lender or of the Borrower or of the designee of the Lender, information concerning the Accounts and the amounts owing thereon;

(d) to notify Obligors to make payments on the Accounts directly to the Lender or to a lock box designated by the Lender;

(e) to take or to bring, in the name of the Borrower, all steps, action, suits or proceedings deemed by the Lender necessary or desirable to effect collection of the Accounts;

(f) to exercise all of the Borrower's rights and remedies with respect to the collection of the Accounts;

(g) to settle, adjust, compromise, extend, renew, discharge, terminate, or release the Accounts and the Assigned Agreements in whole or in part;

(h) to sell or assign the Accounts upon such terms, for such amounts and at such time or times as the Lender deems advisable;

(i) to take control, in any manner, of any item of payment on, or proceeds of, Property;

(j) to use the information recorded on or contained in any data processing equipment and computer hardware and software relating to any of the Property to which the Borrower has access;

(k) to obtain and adjust insurance proceeds required to be paid to the Lender pursuant to Section 7; and

(l) to do all acts and things necessary, in the Lender's sole judgment, to carry out the purposes of this Agreement.

All acts of such attorney-in-fact or designee taken pursuant to this Section 20 are hereby ratified and approved by the Borrower and said attorney or designee shall not be liable for any acts or omissions nor for any error of judgment or mistake of fact or law.

21. Other Rights and Remedies Upon Default.

Upon the occurrence of an Event of Default, or at any time thereafter, the whole or any part of the Obligations shall become immediately due and payable at the option of the Lender, and the Lender shall have all the rights and remedies of a secured party upon default under the UCC, as well as all rights and remedies under any other applicable law and under the terms of this Agreement, all of which shall be cumulative. Without limiting the generality of the foregoing rights and remedies, the Lender may exercise any or all of the following rights, remedies and powers after default:

(a) The Lender may require the Borrower to assemble the Property, or any part thereof, and to make it available to the Lender at any convenient place designated by the Lender.

(b) The Lender may send any written notice to the Borrower required by law or this Agreement in the manner set forth in Section 10.02 of the Loan Agreement; and any notice sent by the Lender in such manner at least 10 calendar days (counting the day of sending) prior to the date of a proposed disposition of the Property shall be deemed to be reasonable notice.

(c) The Lender may, without notice to the Borrower except as required by law and at any time or from time to time, charge, set-off and

otherwise apply all or any part of the Obligations against the Deposit Accounts, or any part thereof, in accordance with Section 10.12 of the Loan Agreement.

(d) The Lender may exercise any and all rights and remedies of the Borrower under or in connection with any Assigned Agreement or otherwise in respect of the Property, including, without limitation, any and all rights of the Borrower to demand or otherwise require payment of any amount under, or performance of any provision of, any Assigned Agreement.

(e) The Lender, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below in this subparagraph of a proposed disposition of the Property) to or upon the Borrower or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived, to the extent permitted by applicable law), may forthwith collect, receive, appropriate and realize upon the Property, or any part thereof, and may forthwith sell, lease, assign, give option or options to purchase, or sell or otherwise dispose of and deliver the Property (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange broker's board or at any of the Lender's offices or elsewhere at such prices as the Lender may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Lender shall have the right upon any such public sale or sales, and to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Property so sold, free of any right or equity of redemption, which equity of redemption the Borrower hereby releases. To the extent permitted by applicable law, the Borrower waives all claims, damages, and demands against the Lender arising out of the repossession, retention or sale of the Property. The Borrower agrees that the Lender need not give more than 10 days' notice as set forth in subparagraph (b) above of the time and place of any public sale or of the time after which a private sale may take place.

22. Lender May Perform. If the Borrower fails to perform any agreement contained herein, the Lender may itself perform, or cause performance of, such agreement, and the expenses of the Lender incurred in connection therewith shall be payable by the Borrower under Section 23.

23. Indemnity and Expenses. The Borrower agrees to indemnify the Lender from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from the Lender's gross negligence or wilful misconduct. The Borrower shall upon demand reimburse the Lender for any expenses incurred by the Lender in protecting or enforcing or attempting to perfect or enforce any of its rights and remedies under this Agreement, including, without limitation, all expenses of taking possession, holding, preparing for disposition, and disposing of the Property, including reasonable attorneys' fees.

24. Application of Proceeds. The net cash proceeds resulting from the exercise of any of the rights and remedies of the Lender under this Agreement, after deducting all charges, expenses, costs and attorneys' fees relating thereto, including any and all costs and expenses incurred in securing the possession of Property, moving, storing, repairing or finishing the manufacture of Property, and preparing the same for sale, shall be applied by the Lender to the payment of the Obligations, whether due or to become due, in such order and in such proportions as the Lender may elect.

25. Further Assurances. The Borrower, at Borrower's expense, will execute and deliver all such instruments and take all such action as the Lender may reasonably request from time to time and as may be reasonably necessary or proper in order to carry out the provisions of this Agreement or to facilitate the performance of the terms hereof.

26. Severability, etc. In case any one or more of the provision contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby, and if any one or more of such

provisions shall be invalid, illegal or unenforceable in any respect in any one jurisdiction, then, to the full extent permitted by applicable law, the validity, legality and enforceability of such provisions and of any remaining provisions shall not be affected or impaired thereby in other jurisdictions.

27. Remedies Cumulative. The rights and remedies of the Lender under this Agreement are cumulative and not exclusive of any other rights or remedies now or hereafter existing at law or in equity.

28. Non-Waiver. No delay in exercising any right or option given or granted hereto to the Lender shall be construed as a waiver thereof; nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. The Lender may permit the Borrower to remedy any default without waiving the default so remedied, and the Lender may waive any default without waiving any other subsequent or prior default by the Borrower.

29. Termination. This Agreement shall remain in full force and effect until written termination statements executed by a duly authorized officer of the Lender shall be filed for record in the office or offices in which financing statement should be filed in order to perfect a security interest in the Property. The Borrower agrees that this Agreement shall secure all Obligations, whether now existing or hereafter incurred, contracted for or arising. Payment in full of the Obligations outstanding at any one time shall not, in the absence of the execution and recordation of written instruments of termination as aforesaid, terminate this Agreement.

30. Borrower Remains Liable. Anything in this Agreement to the contrary notwithstanding, (a) the Borrower shall remain liable under the Assigned Agreements to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Lender of any of the rights hereunder shall not release the Borrower from any of its duties or obligations under the Assigned Agreements, and (c) the Lender shall not have any obligation or liability under the Assigned Agreements by reason of this Agreement or the receipt by the Lender of any payment hereunder, nor shall the Lender be obligated to perform any of the obligations or duties of the Borrower under the Assigned Agreements, to take any action

to collect, file or enforce any claim for payment assigned to the Lender hereunder, or to make any inquiry as to the nature or sufficiency of any payment received by it or the sufficiency of any performance by any party thereunder.

31. Costs. Borrower shall promptly reimburse the Lender for any and all costs and expenses, including but not limited to, the reasonable fees and disbursements of counsel to the Lender, which the Lender may incur in connection with (a) the enforcement of the rights of the Lender in connection with the Obligations, (b) the protection of the Lender's rights and interests hereunder, (c) the exercise by or for the Lender of any of the rights or powers herein conferred upon the Lender, and (d) the prosecution or defense of any action or proceeding by or against the Lender, the Borrower or any Obligor, or any of them, concerning any matter arising out of, connected with or related to this Agreement, or any of the Property, or any of the Obligations.

32. Notices. Any notice given hereunder shall be given in the manner provided in Section 8.02 of the Loan Agreement.

33. Miscellaneous. All covenants and agreements herein made by the Borrower shall survive the execution and delivery of this Agreement, the Loan Agreement, the Note and the other Loan Documents, and shall bind the successors and assigns of the Borrower, and every option, right and privilege herein reserved or secured to the Lender shall inure to the benefit of, or may be exercised by, its successors and assigns. The Borrower hereby acknowledges receipt of a duplicate copy of this Agreement. The Borrower hereby waives presentment, demand, protest or any notice (to the extent permitted by applicable law) of any kind in connection with this Agreement or any Property. No modification, amendment or waiver of any provision of this Agreement or any of the other Loan Documents, or consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender, and such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in the same, similar or other circumstances. The headings and captions in this Agreement are for convenience of reference only and shall in no way restrict or modify any of the terms hereof. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which together

shall constitute one and the same instrument. This Agreement shall be governed by the laws of the State of Alabama, except to the extent the UCC of another jurisdiction is applicable to any particular item of Property.

34. The Mortgage. If any of the terms of the Mortgage are inconsistent with the terms of this Agreement, the terms of the Mortgage shall be controlling in the case of fixtures, leases, licenses, contracts and agreements relating to real property, and the terms of this Agreement shall be controlling in the case of all other Property.

35. Release of Pledged Stock. The Lender acknowledges that the Pledged Stock is subject to release from the pledge and security interest created by the ESOP Loan Agreement under Section 3.07 of the ESOP Loan Agreement and agrees to cooperate with the Borrower in complying with such release requirements.

36. Governing Laws. This Agreement shall be construed in accordance with and governed by the laws of the State of Alabama except to the extent otherwise provided in §7-9-103, Code of Alabama 1975, as amended.

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed by its duly authorized officer of the day and year first above written.

SCHULER INDUSTRIES, INC.

By 
Its President

EXHIBIT A
(ASSIGNED AGREEMENTS)

1. Loan and Security Agreement dated as of even date herewith between JERRY D. HART, as Trustee of the Schuler Industries, Inc. Employee Stock Ownership Plan under Trust Agreement dated November 1, 1989, and SCHULER INDUSTRIES, INC., as Lender and Secured Party.
2. Equipment Trust Agreements:
 - (a) Trust Agreement dated as of October 23, 1974, between THE ROYAL TRUST COMPANY, as Owner Trustee, and SCHULER INDUSTRIES, INC., as Owner Participant.
 - (b) Trust Agreement dated as of April 1, 1976, between BIRMINGHAM TRUST NATIONAL BANK, as Trustee, and SCHULER INDUSTRIES, INC., as Beneficiary.
 - (c) Trust Agreement dated as of May 31, 1978, between BIRMINGHAM TRUST NATIONAL BANK, as Owner Trustee, and SCHULER INDUSTRIES, INC. and BIRMINGHAM TRUST NATIONAL BANK, as Trustors.
 - (d) Trust Agreement dated as of September 1, 1979, between FIRST SECURITY BANK OF UTAH, N.A., as Trustee, and SCHULER INDUSTRIES, INC., as Owner.
 - (e) Trust Agreement dated as of February 1, 1980, between FIRST SECURITY STATE BANK, as Trustee, and SCHULER INDUSTRIES, INC., as Owner.
3. Equipment Leases:
 - (a) Lease of Railroad Equipment dated as of September 1, 1974, between LOUISVILLE AND NASHVILLE RAILROAD COMPANY, as Lessee, and SCHULER INDUSTRIES, INC., as Lessor.
 - (b) Equipment Lease Agreement dated as of November 1, 1977, between ITEL RAIL CORPORATION, successor in interest to ITEL CORPORATION, Rail Division, and SSI RAIL CORP., as Lessee, and SCHULER INDUSTRIES, INC., as Lessor.
 - (c) Aircraft Lease Agreement dated as of August 8, 1980, by and between SCHULER INDUSTRIES, INC., as Lessor, and AIR MIDWEST, INC., as Lessee, having an F.A.A. Recordation Date of August 22, 1980 and bearing F.A.A. Conveyance No. A05218.

- (d) Master Lease Agreement dated as of February 9, 1989, between IBM CREDIT CORPORATION, as Lessee, and SCHULER INDUSTRIES, INC., as Lessor.
- (e) (i) Equipment Lease Agreement dated as of November 20, 1987, between CLG, INC., as Lessee, and SCHULER INDUSTRIES, INC., as Lessor.

(ii) Assignment Agreement dated as of November 30, 1987, between CLG, INC., as Assignor, and SCHULER INDUSTRIES, INC., as Assignee.
- (f) Master Lease Agreement dated as of September 15, 1982, between MARTIN MARIETTA CORPORATION, as Lessee, and SCHULER INDUSTRIES, INC., Assignee of UNILEASE COMPUTER CORPORATION pursuant to that Master Purchase Agreement and Assignment dated as of April 24, 1985, as Lessor.
- (g) Master Lease dated as of October 15, 1985, between WESTERN GEOPHYSICAL COMPANY OF AMERICA, as Lessee, and SCHULER INDUSTRIES, INC., Assignee of CMI CORPORATION pursuant to those Purchase Agreements dated as of October 18, 1985, as Lessor.
- (h) Equipment Lease dated as of October 18, 1985, between CMI CORPORATION, as Lessee, and SCHULER INDUSTRIES, INC., as Lessor.
- (i) Master Lease Agreement dated as of April 28, 1982, between THE GOODYEAR TIRE & RUBBER COMPANY, as Lessee, and SCHULER INDUSTRIES, INC., Assignee of MERIDIAN LEASING CORPORATION pursuant to that Assignment, Assumption & Indemnity Agreement dated as of September 30, 1986, as Lessor.
- (j) Equipment Lease Agreement dated as January 31, 1985, between COMMERCIAL FEDERAL SAVINGS AND LOAN ASSOCIATION, as Lessee, and SCHULER INDUSTRIES, INC., Assignee of SYSTEMS MARKETING, INC. pursuant to that Purchase Agreement dated as of November 30, 1987, as Lessor.
- (k) Master Lease Agreement No. 020387 dated as of February 3, 1987, between WARNER-LAMBERT COMPANY, as Lessee, and SCHULER INDUSTRIES, INC., Assignee of ECONOCOM-USA, INC. pursuant to those Purchase and Sale Agreements and Assignments of Lease dated as of May 1, 1987, November 1, 1987 and October 1, 1988, as Lessor.

- (l) Master Lease Agreement dated as of April 9, 1987, between SOUTHERN PACIFIC TRANSPORTATION COMPANY, as Lessee, and SCHULER INDUSTRIES, INC., Assignee of UNILEASE COMPUTER CORPORATION pursuant to that Purchase Agreement and Assignment dated as of May 8, 1987, as Lessor.
- (m) Master Agreement of Lease dated as of June 5, 1987, between JEFFERSON SMURFIT CORPORATION, as Lessee, and SCHULER INDUSTRIES, INC., Assignee of ST. LOUIS LEASING CORPORATION pursuant to that Sale and Assignment Agreement dated as of November 25, 1987, as Lessor.

4. Truck Leases:

- (a) Vehicle Lease and Service Agreement dated as of December 23, 1988, between INTERSTATE TRUCK LEASING, INC., as Lessor, and SCHULER INDUSTRIES, INC., as Lessee.
- (b) Truck Lease and Service Agreement dated as of May 24, 1989, between SOUTHERN NATIONALEASE, INC., as Lessor, and SCHULER INDUSTRIES, INC., as Lessee.

5. Indenture of Lease dated as of March 31, 1972, between J.C. PENNEY COMPANY, INC., as Tenant, and SCHULER INDUSTRIES, INC., Grantee of PRESTON H. HASKELL, III, individually and doing business as HASKELL REALTY ASSOCIATES No. 11, pursuant to that Warranty Deed and Transfer of Landlord's Interest in Lease dated as of July 2, 1973, as Landlord.

6. Those certain leases of apartments in the apartment projects owned by Schuler Industries, Inc. and located in the State of Florida.

Life Insurance Policies

2644793	Guardian Life Insurance Company of America	Jerry D. Hart	Schuler Industries, Inc.
2747311	Guardian Life Insurance Company of America	Pride Schuler	Schuler Industries, Inc.
2973652	Guardian Life Insurance Company of America	Jerry D. Hart	Schuler Industries, Inc.
2579835	Guardian Life Insurance Company of America	Charles H. Peay, Jr.	Schuler Industries, Inc.
2579833	Guardian Life Insurance Company of America	Dan E. Holt	Schuler Industries, Inc.
2579834	Guardian Life Insurance Company of America	Robert D. McWhorter	Schuler Industries, Inc.
2535399	Guardian Life Insurance Company of America	Charles H. Peay, Jr.	Schuler Industries, Inc.
2573323	Guardian Life Insurance Company of America	Jerry D. Hart	Schuler Industries, Inc.
2535398	Guardian Life Insurance Company of America	Dan E. Holt	Schuler Industries, Inc.
2525881	Guardian Life Insurance Company of America	Robert D. McWhorter	Schuler Industries, Inc.
2155126	Guardian Life Insurance Company of America	Robert D. McWhorter	Schuler Industries, Inc.
2155127	Guardian Life Insurance Company of America	Dan E. Holt	Schuler Industries, Inc.

LIFE INSURANCE POLICIES

2046629	Guardian Life Insurance Company of America	Charles H. Peay, Jr.	Schuler Industries, Inc.
2070535	Guardian Life Insurance Company of America	Dan E. Holt	Schuler Industries, Inc.
2070597	Guardian Life Insurance Company of America	Robert D. McWhorter	Schuler Industries, Inc.
2024275	Guardian Life Insurance Company of America	Robert D. McWhorter	Schuler Industries, Inc.
2024276	Guardian Life Insurance Company of America	Dan E. Holt	Schuler Industries, Inc.
1140466	Guardian Life Insurance Company of America	Charles H. Peay, Jr.	Schuler Industries, Inc.
2014763	Guardian Life Insurance Company of America	Charles H. Peay, Jr.	Schuler Industries, Inc.

EXHIBIT C
(PERMITTED ENCUMBRANCES)

1. Leased Equipment:
 - (a) That certain Security Agreement and Assignment of Lease dated as of August 9, 1985, between GOLDOME FSB, as Lender, and SCHULER INDUSTRIES, INC., as Borrower.
 - (b) That certain Security Agreement dated as of February 3, 1986, between GOLDOME FSB, as Secured Party, and SCHULER INDUSTRIES, INC., as Debtor.
 - (c) That certain Security Agreement dated as of February 3, 1986, between GREAT LAKES FEDERAL SAVINGS AND LOAN ASSOCIATION, as Secured Party, and SCHULER INDUSTRIES, INC., as Debtor.
2. Those certain Equipment Leases described more fully in Exhibit A herebefore.
3. The leasehold interest of the tenant under that certain Indenture of Lease dated as of March 31, 1972 between J.C. PENNEY, INC., as tenant, and SCHULER INDUSTRIES, INC., Grantee of PRESTON H. HASKELL, III, individually and doing business as HASKELL REALTY ASSOCIATES No. 11, pursuant to that Warranty Deed and Transfer of Landlord's Interest in Lease dated as of July 2, 1973, as Landlord.
4. The leasehold interest of the tenants under those certain leases of apartments in the apartment projects owned by Schuler Industries, Inc. and located in the State of Florida.
5. The exceptions set forth in Schedule B-2 of the mortgagee's title insurance policies issued or to be issued pursuant to those certain Commitments to Issue Title Insurance Nos. 89-1526, S-27874-A and BB 434519 prepared by Lawyer's Title Insurance Corporation, to the extent only that such exceptions refer expressly to instruments recorded against, or otherwise specifically affect, the Property and not to any general, standard or similar exceptions that may appear in said policies.
6. Liens permitted under Sections 8.03(a), (b) or (c) of the Loan Agreement.

EXHIBIT D
(LEASED EQUIPMENT)

Item No. 1/

1. Five 3,000 h.p., SD-40-2 diesel electric locomotives; manufactured in 1974.
2. Fifty 70 ton, 50'6" single sheath boxcars with 10' sliding doors; manufactured in 1977.
3. Swearingen Model SA-226-TC Metro II; Serial No. TC-356; FAA Reg. No. 243AM.
4. IBM Model 3083/J24 computer mainframe; manufactured in 1983.
5. Amdahl 5860 to 5870 processor upgrade; manufactured in 1985.
6. IBM Model 3090-200 computer mainframe; manufactured in 1985.
7. IBM Model 3090-200 computer mainframe and peripherals; manufactured in 1985.
8. IBM Model 3081-D16 computer mainframe; used equipment.
9. IBM Model 3090-200 computer mainframe; manufactured in 1986.
10. IBM Model 3090-180 computer mainframe with 64 meg upgrade; manufactured in 1986.
11. IBM Model 3090-180E computer mainframe with 32 MGB addition; manufactured in 1987.
12. IBM Model 3090-180E computer mainframe; manufactured in 1987.
13. IBM Model 3090-150E computer mainframe; manufactured in 1987.

1/ Attached hereto are detailed descriptions of the Leased Equipment summarized herein.

ITEM NO. 1

The following railroad equipment manufactured by General Motors Corporation (Electro-Motive Division):

<u>Type</u>	<u>Quantity</u>	<u>Lessee's Road Numbers (Both Inclusive)</u>
3,000 H.P. SD-40-2 Diesel Electric Locomotive	5	3573 to 3577

ITEM NO. 2

Fifty (50) 70-ton 50'6" single sheath box cars manufactured by
FMC Corporation:

GMRC 700			
701		GMRC	722
702			723
703			724
704			725
705			726
706			727
			728
GMRC 707			729
708			
709		GMRC	730
710			731
711			732
712			
713			734
GMRC 714			
715			736
716			
717		GMRC	733
718			735
719			
720			737
721			738
			739
			740
			741
		GMRC	742
			743
			744
			745
			746
			747
			748
			749

ITEM NO. 3

One Swearingen Metro II SA-226-TC aircraft bearing manufacturer's serial number TC-356 and F.A.A. registration number 243AM (the "Aircraft");

Two AiResearch Model TEP 331-3UW-304/G engines bearing manufacturer's serial numbers P03638 and P03645, each of which is rated at seven hundred fifty or more take off horsepower (the "Engines");

Two Hartzell Model HC-B-3TN-5M/T102-82B propellers bearing manufacturer's serial numbers BV 4513 and BV 4514, each of which is capable of absorbing seven hundred fifty or more shaft horsepower (the "Propellers"); and,

All manuals and other information with respect to the operation, overhauls and/or maintenance of the Aircraft, the Engines, and the Propellers.

ITEM NO. 4

That certain computer equipment manufactured by International Business Machines Corporation:

<u>Qty.</u>	<u>Type</u>	<u>Model</u>	<u>Description</u>	<u>Serial Number</u>	<u>Feature Number</u>
1	3083	B16	Processor	243BIZ	
1			Console Table		1560
1			Channel Group		1545
1	3082	016	Controller	243BJA	
1			Chnl to Chnl		1850
1			Cable RSF		8P0902
1	3087	001	Dist. Unit	243BJB	
1	3278	A02	Display Station	243BJC	
1			75 Kybd		4641

ITEM NO. 5

That certain computer equipment manufactured by Amdahl Corporation:

1 Amdahl 5860 to 5870 Upgrade, plus 32 Megabytes of Memory and one (1) High Speed Floating Point Feature, installed on 5860 CPU, Serial No. 910104.

ITEM NO. 6

That certain computer equipment manufactured by International Business Machines Corporation:

<u>Item No.</u>	<u>Qty.</u>	<u>Model/Feature</u>	<u>Description</u>	<u>Serial No.</u>
1	1	3090-200	Processor Unit	70096
2	1	3092-001	Processor Controller	70103
3	1	3097-001	Power & Coolant Distribution Unit	70096
4-5	2	3370-A02	Disk Storage	A3279 A3274
6-7	2	3180-145	Display Station	67913 70706
8	1	3864-002	Modem	68574

ITEM NO. 7

That certain computer equipment manufactured by International Business Machines Corporation:

<u>Quantity</u>	<u>Type</u>	<u>Model</u>	<u>Description</u>	<u>Serial Number</u>
One (1)	IBM 3090		Processor Unit	70256
	1545		Vector Facility 1	
	1550		Vector Facility 2	
One (1)	IBM 3092-001		Processor Controller	70260
One (1)	IBM 3097-001		Power and Coolant Distribution Unit	70256
Two (2)	IBM 3089-003		Power Unit	43154, 43174
Two (2)	IBM 3180-145		Display Station	R7928, R8005
One (1)	IBM 3864-002		Modem with Ftr. 5801	12482
Two (2)	IBM 3370-A02		DASD with Ftr. 8150	P0124, P0149
Four (4)	IBM 3480-A22		Tape Drives with Ftr. 1511, 1512, 1513 (Also includes two 4451675 Dual Couplers)	15557, 15694 15697, 15700
One (1)	IBM 3880-G23 w/8170, 8171		Controller	94301
One (1)	IBM 3880-D11 to G23 Model Upgrade			80232

ITEM NO. 8

That certain computer equipment manufactured by International Business Machines Corporation:

<u>Quantity</u>	<u>Model/Feature</u>	<u>Serial Number</u>
(1)	IBM 3081-K48 w/1550	X1470
(1)	IBM 3082-024	X1471
(1)	IBM 3087-001	X1472
(1)	IBM 3278-02A w/4641	90X93

ITEM NO. 9

That certain computer equipment manufactured by International Business Machines Corporation:

<u>Qty.</u>	<u>Machine Type</u>	<u>Serial Number</u>	<u>Model or Feature</u>	<u>Description</u>
1	3089	43839	003	Power Unit
1	3089	43840	003	Power Unit
1	3092	71130	001	Processor Cont
1	3097	71050	001	Coolant Distun
1	3370	P2129	A02	Direct Access Storage
1	3370	P2478	A02	Direct Access Storage
1	3180	CG049	145	Display Station
1	3180	CG405	145	Display Station
1	3864	71313		Modem
1	3090	71050	200	Processor Unit

ITEM NO. 10

That certain computer equipment manufactured by International
Business Machines Corporation:

<u>Qty.</u>	<u>Mfg.</u>	<u>Type/Model/Feature</u>	<u>Serial No.</u>	<u>Description</u>
1	IBM	3090/180	71292	Memory Up- grade from 32 meg to 64 meg

ITEM NO. 11

That certain computer equipment manufactured by International
Business Machines Corporation:

<u>Mfr</u>	<u>Qty</u>	<u>Type</u>	<u>Model/ Features</u>	<u>Description</u>	<u>Serial No.</u>
IBM	1	3090	15E	Processor Unit	72C75
IBM	1	3092	001	Processor Controller	72C80
IBM	1	3097	002	Power Cool/Dist. Unit	72C75
IBM	2	3180	145	Display Stations	EK730 & EL174
IBM	1	3864	002 5801	Modem Auto. Calling Unit	72363
IBM	2	3370	A02 8150	Direct Access Storage String Switch	P3530 & P2355
IBM	1	3090	15E to 18E 3848 9351 to 9352	Model Upgrade Channel Group, 8 Additional Model Attachments	72075

ITEM NO. 12

That certain computer equipment manufactured by International Business Machines Corporation:

<u>Item No.</u>	<u>Qty.</u>	<u>Model/Feature</u>	<u>Description</u>	<u>Serial No.</u>
1	1	3090-180E -3848 -5064	Processor Channel Group 1st Add'l. Expanded Stg. 1st 64 MB	72125
2	1	3092-001	Processor Controller	72086
3	1	3097-001	Coolant Dist. Unit	72125
4	1	3089-003	Power Unit	45278
5-6	2	3180-145	Display Station	EK828 EP616
7	1	3864-002 -5801	IBM Modem - 2 wire Auto. Calling Unit	72257
8-9	2	3370-A02 -8150	Direct Access Storage Device String Switch	P3074 P3563

ITEM NO. 13

That certain computer equipment manufactured by International
Business Machines Corporation:

<u>QUANTITY/FEAUTRES</u>	<u>DESCRIPTION</u>	<u>SERIAL NUMBE</u>
3090-15E	Processor	72592
3092-001	Processor Controller	72445
3097-002	Power Coolant Distribution	72592
3089-003	Power Unit	45741
3180-145	Display	ET658 ER969
3864-002	IBM Modem	27222
3370-A02	DASD	P4658 P4663

EXHIBIT E
(LOCATIONS OF TANGIBLE PROPERTY)

1. Schuler Industries, Inc.:

(a) Alabama Properties:

- (i) Steel Division
3527 North 29th Street
Birmingham, Alabama 35207
- (ii) Carbon Products Division
2936 35th Avenue North
Birmingham, Alabama 35207
- (iii) Schuler Steel Division Valley Plant
302 Fleming Road
Birmingham, Alabama 35217

(b) Florida Properties:

- (i) Yacht Club Apartments
909 West Oakridge Road
Orlando, Florida 32809
- (ii) Coral Reef Apartments
303 Galen Drive
Key Biscayne, Florida 33149
- (iii) Governor's Lodge Apartments
300 Sunrise Drive
Key Biscayne, Florida 33149
- (iv) J. C. Penney Warehouse
11400 Northwest 32nd Avenue
Miami, Florida

2. Leased Equipment:

- (a) Railroad Rolling Stock.
- (b) Railroad Rolling Stock.
- (c) Aircraft: City of Wichita, County of Sedgwick,
Kansas.
- (d) Hanover House Industries
340 Poplar Street
Hanover, Pennsylvania 17331-2358

- (e) Amdahl Corporation
1250 East Argues Avenue
Sunnyvale, California 94088
- (f) Martin Marietta Corporation
6003 S. Rio Grande
Orlando, Florida 32809
- (g) Western Geophysical Company of America
10001 Richmond Avenue
Houston, Texas 77252
- (h) CBS Fox Video
39000 Seven Mile Road
Livonia, Michigan 48150
- (i) Heil-Quaker Corporation
1136 Heil-Quaker Boulevard
Lavergne, Tennessee 37086
- (j) Commercial Federal Savings and Loan Association
2120 South 72nd Street
Omaha, Nebraska 68124
- (k) Warner-Lambert Company
2800 Plymouth Road
Ann Arbor, Michigan 48105
- (l) Southern Pacific Transportation Company
Southern Pacific Building
One Market Plaza
San Francisco, California 94105
- (m) Jefferson Smurfit Corporation
401 Alton Street
Alton, Illinois 62002